

Message Text

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ACTION AF-06

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 4421

INFO AMEMBASSY PARIS

C O N F I D E N T I A L NOUAKCHOTT 1925

E.O. 11652: GDS

TAGS: EFINIINV MR FR

SUBJECTTC BIAO/BIMA-CENTRAL BANK DISPUTE

REF: A. NOUAKCHOTT 1600 B. NOUAKCHOTT 1926

SUMMARY: MINISTER OF STATE FOR NATIONAL ECONOMY SIDI OULD SHEIKH ABDALLAHI HAS INFORMED AMBASSADOR THAT HE HAS SET IN TRAIN A NEW EFFORT TO RESOLVE BIAO/BIMA-CENTRAL BANK DISPUTE. HE NOTED INTERCONNECTION BIMA DISPUTE (OVER ALLEGED VIOLATIONS OF FOREIGN EXCHANGE REGULATIONS) AND MIFERMA COMPENSATION NEGOTIATIONS, AND DECLARED HE WOULD VERY MUCH LIKE TO GET BANK DISPUTE RESOLVED BEFORE OCTOBER 13 RESUMPTION OF MIFERMA NEGOTIATIONS.

1. NATIONAL ECONOMY MINISTER OF STATE ABDALLAHI REPORTED SEPTEMBER 18 HE HAD ENCOUNTERED EXECUTIVE OF FIRST NATIONAL CITY BANK, WHO WAS ATTENDING IBRD/IMF SESSIONS AS OBSERVER, AT WASHINGTON DINNER DURING IBRD/IMF ANNUAL MEETING. SINCE FNCB EXECUTIVE WAS KNOWLEDGEABLE ABOUT BIMA PROBLEM, SIDI TOOK OCCASIONN DECLARE: GIRM REALIZES IT MUST TURN ITS ATTENTION INWARD AND BEGIN FOCUSIE INTENTLY ON SERIOUS DOMESTIC PROBLEMS FACING IT; IN ORDER DO SO, IT MUST
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CLEAR AWAY UNDERBRUSH OF OLD AND/OR INSIGNIFICANT PRO-

BLEMS PLAGUING ITS RELATIONS WITH FOREIGN GOVERNMENTS AND COMPANIES; BIMA DISPUTE IS ONE SUCH PROBLEM; GIRM VERY MUCH WANTS TO REACH SETTLEMENT; GIRM RECOGNIZES THAT NEITHER PARTY TO BIA/BIMA-CENTRAL BANK DISPUTE WILL GO AWAY SATISFIED AND THAT BOTH WILL HAVE TO ACCEPT SOMETHING SHORT OF THEIR PRESENT DESIRES, BUT THAT THAT IS NATURE OF NEGOTIATED SETTLEMENTS.

2. DAY OR TWO LATER SIDI RECEIVED WORD FROM PRESIDENT OF BIAO WHO WAS ALSO ATTENDING IBRD/IMF ANNUAL MEETING AS AN OBSERVER THAT HE WOULD APPRECIATE OPPORTUNITY TO EXPLORE POSSIBILITY OF A NEGOTIATED SETTLEMENT WITH MAURITANIAN IMF DELEGATION. AT SIDI'S DIRECTION, CENTRAL BANK GOVERNOR AHMAD OULD DADDAH MET NEW PRESIDENT OF BIAO. LATTER REPORTEDLY STATED BIAO ALSO WANTED SETTLEMENT AND AFTER HEARING GIRM VIEWS, DECLARED MAKINGS OF SETTLEMENT WERE PRESENT, THAT HE WAS REASONABLY CONFIDENT SENIOR BAO OFFICERS IN PARIS WOULD AGREE, AND THAT BIAO COULD PUT CONCRETE PROPOSAL TOGETHER IN SHORT TIME FOR CONSIDERATION BY GIRM. SIDI IMPLIED OULD DADDAH WOULD BE DESPATCHED TO PARIS TO RESUME DISCUSSIONS AS SOON AS BIAO IS READY.

3. SIDI MADE IT QUITE CLEAR THAT HE CONSIDERS ALLEGATIONS OF FOREIGN EXCHANGE VIOLATIONS, BOTH IN CONTEXT OF BIMA AND MIFERMA, TO BE SIDESHOW OF MARGINAL IMPORTANCE. CENTRAL AND SIGNIFICANT ISSUE IS MIFERMA COMPENSATION. HE ALL BUT STATED THAT CONTINUED GIRM INSISTENCE ON PROVING VIOLATIONS AND IMPOSING FINES STEMS DIRECTLY AND SOLELY FROM CENTRAL BANK GOVERNOR, WHO IN SIDI'S VIEW IS NOT QUITE BRIGHT ENOUGH TO COMPREHEND THE "BIG PICTURE". SIDI STATED HE WOULD VERY MUCH LIKE TO GET BIMA DISPUTE RESOLVED AND OUT OF WAY BEFORE SCHEDULED RESUMPTION MIFERMA TALKS OCTOBER 13, IN ORDER PERMIT HIM AND MIFERMA REPRESENTATIVES TO FOCUS EXCLUSIVELY ON COMPENSATION QUESTION. HE WAS NOT, HOWEVER, OVERLY OPTIMISTIC ABOUT PROSPECTS.

5. COMMENT: STRENGTH OF GIRM DESIRE TO CLEAR AWAY UNDERBRUSH CAN BE MEASURED BY ITS RETREAT FROM EARLIER REFUSAL

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TO DEAL WITH FRENCH HALF JOINT VENTURE. SIDI RECONFIRMED THAT "RETIREMENT" FORMER BIAO PRESIDENT ROC AND DIRECTOR GENERAL DUHAMEL HAD OPENED WAY TO RESOLUTION, AND IMPLIED NEW SHIFT ATTRIBUTABLE TO FADING MEMORY OF ROLES THEY HAD PLAYED. IT WAS NEVERTHELESS OBVIOUS THAT ROC LETTERS AND ABRUPT PARIS REPUDIATION OF AGREEMENT WUAMEL HAD NEGOTIATED AND SIGNED IN NOVEMBER STILL RANKLE. IT IS ONLY MOUNTING PRESSURE OF MUCH MORE

IMPORTANT PROBLEMS WHICH HAS CAUSED GIRM TO SWALLOW HARD
AND SET IN MOTION NEW EFFORT RESOLVE BIMA DISPUTE.HANDYSIDE

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